S&MM
SALES & MARKETING MANAGEMENT
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AGRIMARKETING

It's up, down on the farm

"Just keep your marketing smarts to yourself. You grow it and I'll push it."

Drawing by Donald Reilly
1980 The New Yorker Magazine, Inc.

The notion that farmers do things the old way may be good for a laugh—but it's also wrong. Today's agribusinessmen are astute managers, demanding of suppliers and salespeople, and eager for new ideas. Despite the usual uncertainties, this year could be one of their best yet. Page 31.

A NEW S&MM SERIES: INDUSTRIES TO WATCH

Mead Data lays it on the line

Page 42.

SALES COMMUNICATIONS

Let your sales force speak up!

Page 50.

Inside Out

Norwich-Eaton sets up a Hospital Sales Div. to get its message across to residents and staff physicians. Page 14.

Videotex marketing. Data-based communications will never be the same now that Time, Inc., and Times-Mirror Co. are jumping in. Page 15.

Industrial advertising. Chilton Co.'s new Access service gives magazine advertisers the details on who reads their ads. Page 17.

A&W goes for higher status, stepping up support for bottlers so they'll get out and sell more root beer. Page 18.

A howling success in pets. Health insurance is just one of the new services that promises to expand the market. Page 20.

Swept away by TWA. The carrier stages a contest to interest prospects in using its new overseas delivery service. Page 20.

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AN S&MM SPECIAL SECTION

Getting ahead with incentives

Page 57.

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WASHINGTON DC 20014

What's coming up

The 1981 Survey of Industrial Purchasing Power. Exclusive statistics on shipments of industrial goods organized by SIC code and broken out county-by-county. Apr. 27.

Special Report: Physical Fitness. A 32-page guide on how to get—and keep—fit in order to survive today's pressures, personal and professional. Included: Sales and marketing managers reveal valuable secrets about keeping fit. May 18.

Reps on the rise. Data from the 1977 Census of Wholesale Trade show a shift in the balance between manufacturers' reps and district sales offices in various industries. May 18.

An S&MM Special Section: Industrial Advertising. As ad costs spiral, industrial marketers are devising ways to make their efforts more productive. Case histories and an exclusive S&MM survey. June 8.

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ABP ABM BPA ABC

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SALES FORCE MANAGEMENT

Norwich-Eaton checks into the hospital

The fastest-growing part of Norwich-Eaton Pharmaceuticals' product line consists of such drugs as Vivonex and Dantrium, which are primarily used by hospitals to feed post-operative patients. Yet until recently, Norwich-Eaton's 300 Professional Products Group salespeople called mainly on doctors with private practices. "We were neglecting a key market," says Robert Lazor, who was named director of sales for the group last September.

Thus Norwich-Eaton, Norwich, NY, a $200 million division of MortonNorwich, late last year prescribed a change. It created a Hospital Sales Div. within the Professional Products Group by recruiting some 50 salespeople from the group's ranks who were identified as having "flair and expertise" in hospital sales work. (These salespeople were then trained for one week in-house.) The company also brought in Lazor from Revlon's Armour Pharmaceutical subsidiary, where he was vice president, sales and marketing, to oversee the change. Lazor comments: "The division's sole job is to develop a need for Norwich-Eaton products among residents, interns, and staff physicians at hospitals."

Norwich-Eaton's Lazor makes his salespeople specialize.

Is the cure taking? Lazor says that hospital personnel are "getting the message." Moreover, there's an internal benefit: "We made a lot of salespeople happy by creating another sales opportunity for them."

MEDIA

More ads for cable TV

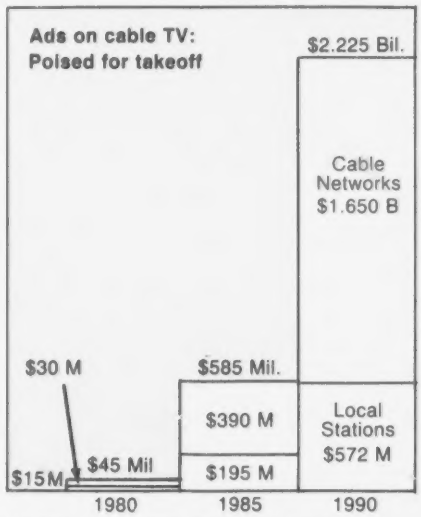
Convinced that they are starting to get a sizable share of the $11.3 billion that advertisers spend on commercial TV, cable operators last month set up the Cabletelevision Advertising Bureau (CAB) in New York City to help speed up the process. President Robert Alter, 52, a veteran of the Radio Advertising Bureau, says he plans to enlist a sales force of about eight people who will be split into two groups.

The first will call on potential advertisers to persuade them that, in contrast to commercial TV, cable: (1) is ideal for reaching selected audiences; (2) can be used to communicate forcefully with distributors; and (3) lends itself to tie-ins with local retailers. The second sales group will advise cable operators on how to set up their own sales departments and how to tailor their sales strategies to a prospect's marketing goals.

As more companies try out ways to attract advertising to cable (see next story), Alter's immediate task is to come up with specifics on the cable-TV audience that will satisfy advertisers and agencies. Thus he will act as coordinator for an industry committee which is developing a methodology that A.C. Nielsen can use to generate the appropriate data.

Alter presides over his first CAB meeting on May 28 in Los Angeles, when he'll ask operators to support a $1 million budget for the bureau, plus $250,000 for the audience study. For ammunition, he could cite data from a report by Paul Kagan Associates, Carmel, CA, financial analysts specializing in electronic media.

Kagan predicts that by 1990, advertising on cable TV will equal 15% of the total revenues of the three major networks, up sharply from 1% now. His projections (see chart) indicate that cable networks, such as Ted Turner's Cable News Network and the Getty-owned Entertainment & Sports Programming Network, will grow about two-thirds faster than the independent local operators.



Source: Paul Kagan Associates, *Ten-year Projection of Cable TV Advertising.*
© Sales & Marketing Management.

grene says, adding that the computerized bridal registry should be in six more stores by the end of this month.

INDUSTRIAL ADVERTISING

Chilton gets into specifics

"A lot of marketers criticize industrial advertising studies because their ad messages have to reach specific types of people and the studies show only aggregate readership," says James A. Salvas, manager of Chilton Co.'s Ad-Chart Services, Radnor, PA. Now, he says, marketers can explore readership specifics via Chilton's new Access service.

Introduced last month, Access is a step beyond Chilton's Ad-Chart, which has been measuring aggregate advertising readership for 22 publications for several years. The new service can pinpoint advertising readership and response by such factors as the reader's job title, size of business, and type of business. Thus marketers can evaluate their advertising effectiveness by finding out precisely whom they are reaching and how they respond to

James Salvas, manager, Chilton's Ad-Chart Services and Access.

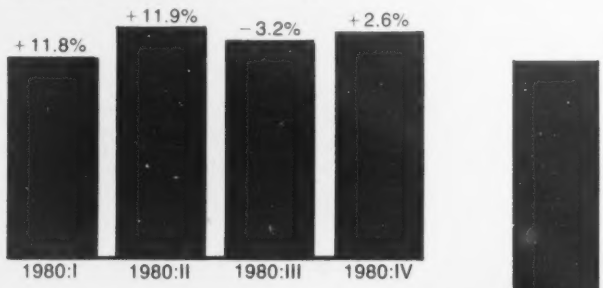
S&MM BAROMETER

Some hope for selling costs

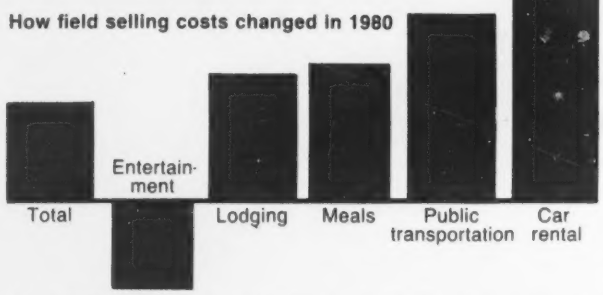
The stereotype of the salesperson wining and dining his way to a big order isn't supported by the latest authoritative data on field selling expenses. Although total costs shot up 20% in 1980 (three times faster than in 1979), entertainment tabs *declined* a surprising 17.6%. So reports the PHH Group, Baltimore, which tracks monthly expenses of more than 2,000 salespeople (S&MM, Feb. 23).

Even more encouraging, the rise in overall selling costs is expected to abate this year. Price wars on airline fares and softening in hotel occupancy rates should help the business traveller. H. Robert Heid, director of PHH Group's Travel Expense Control Service, looks for a total cost increase in the 10%–13% range, roughly in line with the inflation outlook. Eggert Enterprises' *Blue Chip Newsletter*, which polls 42 economists monthly, sees inflation winding down from 12.6% in the first quarter to 9.7% in the fourth.

The Selling Expense Index in 1980
% change from preceding period
Selling Expense Index (1972 = 100)



How field selling costs changed in 1980



Note: S&MM Selling Expense Index (SEI) is based on monthly expenditures per salesperson for meals, lodging, public transportation, car rental, and entertainment as reported by PHH Group's *Travel Expense Management Report*. The dollar totals are converted to an index with 1972 as the base year.
Sources: S&MM est.; PHH Group's Travel Expense Control Service.
© Sales & Marketing Management.

Circle No. 182 on Reader Service Card

Agrimarketing will see more changes than ever this year—a chemical company selling bulls, crops sold via computers, new demands made of sales forces, and after 1980's disappointments, better fortunes for the nation's farmers and marketers.

It's up, down on the farm

Bringing in the corn, with Massey-Ferguson's help, in Cedar Falls, IA.

By ARTHUR J. BRAGG
Senior Editor

Countless times each day Barry Ervin, 31, looks skyward for rain to soak his Maynard, MI, farm, which has had none in months. Drought cost Ervin and his wife, Ann, their entire corn, wheat, and soybean crop last year. But the couple still managed to put up another building for their hogs, buy a mammoth new John Deere 4440 tractor, and complete the purchase of another farm using a low-cost Minnesota Farm Security Program loan. Hopeful that this year will be a good one for them, the Ervins plan to expand their hog operation to 100 sows, erect more buildings to house them, and buy some additional farm equipment. All it will take is rain.

In fact, farmers in all parts of the country are confident that this year will be kinder to them. Last year they had headaches aplenty: slow consumer buying because of the economy, the jump in energy prices, heat and drought, and further restrictions on grain shipments to the Soviet Union. Gross farm income (cash receipts from crops and lifestock, government payments, other earnings) was an estimated $155–$157 billion, a record, but production costs hit $131–$133 billion; as a result, net farm income before inventory adjustments was between $24–$26 billion, down as much as 10% from 1979. This year, say economists at the U.S. Dept. of Agriculture (USDA), net income should hit $26–$33 billion, thanks to (1) greater crop production to overcome last year's 11% loss, and (2) strong export demand. Farmers having money in the bank means that the outlook is once again bright for marketers who sell to them, especially "big ticket" ones like International Harvester, Allis-Chalmers, John Deere, and Massey-Ferguson. But nearly every one of them faces new challenges. Reason: the things that are happening down on the farm.

One of the major concerns is the disruption in agrimarket-

ing's demographics. This year, an estimated 5,000 farms will cease to exist, a trend that is not new but which is accelerating. Also dwindling, some say at an alarming rate, is acreage that has potential as farmland, land being eaten up by developers of shopping centers, industrial parks, and private homes and condominiums. New Hampshire and Rhode Island, for example, could lose all of their prime farmland in less than two decades if conversion continues at its 1967–77 rate.

All this is the result of advanced technology, which allows the creation of "farm factories" for raising chickens, cattle, hogs, and the like, thereby squeezing many smaller operations out of competition. Along with this has come the growing appetite of institutional investors lured by the ever-increasing value of land (an acre of farmland on average jumped from under $200 in 1970 to almost $750 last year). One such institution, Prudential Insurance Co. of America, owns 587,615 acres, five times more than just two years ago.

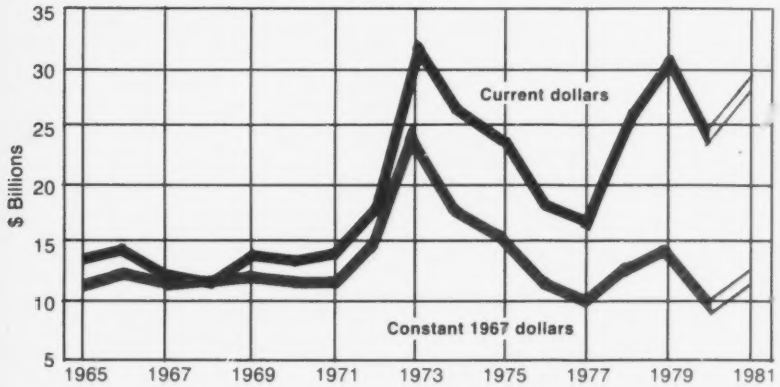
Farmers themselves contribute to the loss of farmland by selling out to reap the fruits of today's prices. "With current rates of land inflation," says *New Farm* writer Gene Logsdon, "a small farmer can go to bed a dirt farmer and wake up an agribusinessman" if he concentrates on buying and selling land instead of farming it. Adding to the loss of farmland is the loss of young farmers who will not be able to buy more expensive land, or, if they can, will have nothing left for operating it. USDA predicts that, for this reason, the number of new farmers under age 35 will shrink from the 475,000 in 1964–74 to 285,000 by the year 2000.

**Small farmers will be the major victims if the Administration succeeds, as expected, in its plan to lop 25% from the amount of money available to farmers and rural communities through loans from the Farmers Home Administration, a part of USDA. Last year, the agency spent $14.5 billion. Although only $100 million is to be trimmed from its budget next year, far greater amounts would be lost later. Farmers depend on the agency for emergency loans to recover from droughts and other calamities and turn to it when they cannot get credit from banks at a "reasonable" interest rate. Last year they borrowed a staggering $6.3 billion. (Other proposed budget cuts that would hurt farmers include a 64% reduction in the current $1.7 billion spent to support dairy prices, and abolishment of target prices for such major agricultural products as wheat, corn, and rice.)

An analyst specializing in agrimarketing views the decrease in the number of small farms as especially risky for marketers selling to them. "The typical small farmer," he says, "still spends $30,000 or more a year on seed, livestock, and equipment. Multiply that by the number who are dropping out, and a lot of companies stand to lose a lot of business. If for that reason only, they ought to be supporting the Baucus [Sen. Max Baucus, D–MT] bill which, among other things, halts the sale of farms to institutions."

Not everyone views the diminishing number of farms with alarm, of course. Marketing people interviewed by S&MM generally consider the new demographics an "improvement" in the market and

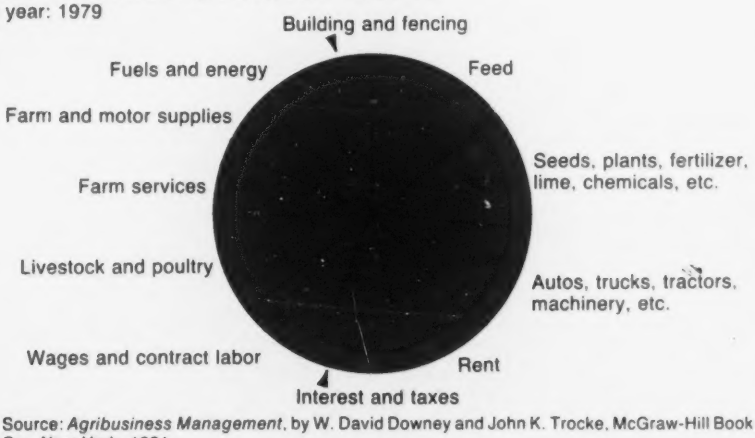
Farm income: A greener crop in 1981



Source: U.S. Dept. of Agriculture

How the farmer spends his dollars

Base year: 1979



Source: *Agribusiness Management*, by W. David Downey and John K. Trocke, McGraw-Hill Book Co., New York, 1981.

Soft sell at John Deere

Selling to the farm market isn't always a matter of preplanned sales calls, carefully researched use of media, and the like. Another approach, one that capitalizes on the isolation of farm communities and the people in them, is described here by Carol Bly, formerly of Madison (population: 2,210) in western Minnesota and now a resident of Sturgeon Lake (population: 222) in eastern Minnesota.

The John Deere Implement open houses are great because they clear out all but a couple of huge tractors from their hangar-like shop, so tables can be set up and a movie shown after a noon lunch of franks and beans. It is very nice. We all sit down disorderly and talk to faces we have seen around. We tell each other I knew I ought to know you but I just never was good at faces. The John Deere employees in their nifty green outer-space outfits serve us carefully. They don't slop the coffee and they don't skimp you. After a while they darken the shop and the son-in-law climbs up on the box of a Ford pickup, standing behind us like a green dragon robot, and projects a half-hour film of magical new equipment onto a screen. We watch, all of us, experts in the dark.

All of us, even the very old women who know more about horse-days than side-delivery snow-blow fronts, are experts; we know how to converse about the ghastly cash layout to buy this equipment, versus using old stuff. And in the dark, some of the heads are a little silhouetted in front of us, of others sitting at the long tables. When the lights come back on we, even those of us who haven't enough discipline to sew on a button instead of keeping a safety pin in our clothes, or a dime to buy a used zipper with, can carry on with dignity a conversation about diminishing returns in agricultural operational investment. The conversation is everything our home talk is not: It is relaxed, it isn't loaded, and it is mutually respectful.

To counter the Japanese, one of Deere's new small tractors.

From Letters From the Country by Carol Bly, to be published this month by Harper & Row, New York City.

are reacting accordingly. Says Robert M. Book, group vice president of agricultural marketing, Elanco Products Co., an Eli Lilly division selling farm chemicals and animal health products, "It is becoming a very different market in many ways. Traditionally, most marketing effort was aimed at the wholesalers or chains, and there wasn't much advertising. It took a long time for a new product to make penetration. Things are easier today.

"There's a lot more information going directly to the farmer, who is better educated; he is his own business manager. At Elanco, we have had to move several steps closer to him, so that we can make our point." That, Book explains, has included upgrading the sales force—new hires today must have a technical degree. "Also," he says, "we are making more calls on our dealers, and we meet farmers more often, in company with the local dealer."

Elanco is hiring salespeople and realigning territories. "Our sales force grows every year," Book says. "We find that the smaller the territory, the better our penetration is, so we are adding people. It has gotten so that in some parts of Iowa, for example, a single salesperson covers as few as two counties and sometimes just one. We don't yet know the point of diminishing return for us, but we aren't there yet."

Their demand for technical and product information is what makes today's farmers most different from those of just a few years ago for Jim Mitchell, a regional sales manager for Diamond Shamrock's Agricultural Chemicals and Health Products, who is based in Menlo Park, CA. Also, salespeople find themselves playing an integral part in farmers' business decision-making. These new duties mean that Mitchell's salespeople must concentrate on the defined market in their area for Diamond Shamrock's herbicides and pesticides, spending less time developing potential business.

It also means that each of his people must come to the job with knowledge about growers' problems and needs. "Growers are now extremely aware people," Mitchell says, "so our people have to have the right background to match that awareness. Actually, our people are more sophisticated than ever—and there are more of them. We are adding salespeople constantly."

Because the majority of marketers, especially those offering farm equipment, now sell through independent dealers, attention is now being given to "improve the breed" so that the dealers are at least as savvy as their customers. Example: Allis-Chalmers's dealer develop-

ment program, completed last year. One aim of the program was to give the Agricultural Equipment Div. deeper penetration in its North American markets, so new dealers were recruited. The program's other goal, achieved by setting up training courses in four different parts of the country, was to ensure that each dealer, new or veteran, has a "customer service orientation." Another example: Upjohn salespeople making sales presentations at dealerships spend part of the time teaching the latest livestock management practices. When a farmer needs help in dealing with say, swine dysentery, the dealer will have ready advice.

Should marketers be doing more? Dealers think so. William E. Galbraith, executive vice president of the National Farm and Power Equipment Dealers Assn., who claims that his 11,500 members make 95% of all farm-equipment sales in the U.S., notes that a major problem for dealers in their relationship with customers is "manufacturers that don't stand behind their product." These companies, he says, use parts in their products actually made by subcontractors; when the tractor or baler breaks down, the manufacturer will attempt to place the blame on the subcontractor and refuse to get involved. "It's not the way to build confidence in what you sell," Galbraith notes. He also criticizes manufacturers for insisting that the dealer carry his own inventory of spare parts, sometimes at a cost of $50,000 per product line.

"Dealers often have a $1 million investment in their businesses," he adds, "so they need assurances from manufactur-

The size of farming: Wide as all outdoors

No. of U.S. farms	2,314,013
Average size (acres)	440
Value per acre (includes buildings)	$645*
Size:	
10–49 acres	379,543
2,000 acres or more	62,225
Total U.S. farmland (acres)	1,017,030,357

Source: U.S. Census Bureau except * which is from USDA.

Farm media: Planting now for bigger harvests

As farm advertisers step up spending—an estimated $425 million this year, with chemical companies the heaviest investors, followed by farm-equipment manufacturers, seed producers, and banks—the farm media also are turning up the sell.

Publishers of the so-called national magazines, which include *Farm Journal*, *Successful Farming*, and *Progressive Farming*, note that among farm families readership figures for their publications are three times that for business magazines or the newsweeklies, and sometimes even higher. *Farm Journal*, like the other "nationals," offers readers a broad array of features of interest to nearly every farmer. What's more, it no longer leaves coverage of individual crops or livestock to the many state magazines that specialize in regional farming (*Ohio Farmer*'s heavy attention to corn, hay, and oats, for example). Thus, dairymen-readers in northern Illinois, mainly a crop and hog area, will find in their copies of *Farm Journal* a Dairy Extra, a package of features and ads of interest to dairy farmers. To keep as "close to the farm" as possible, the magazine also has a panel of 500 farm families, nationwide.

Publishers of state magazines, meanwhile, are both increasing their domains and revamping their products. Example: Harvest Publishing recently added magazines in Florida to those it has in the Midwest, Southwest, and Middle Atlantic, and has just brightened the format of *Pennsylvania Farmer*, which, with a circulation of 75,336, is one of its biggest publications.

Miller Publishing, in its second century as a producer of farm magazines, including *Feedstuffs* and *Farm Store Merchandising*, is branching out into newsletters (*Ag Energy* and *Ag Regs*, the latter about the impact of government on farming). It has also introduced *Farm Money Management*, a quarterly magazine aimed at what it calls "high-income agricultural producers" and the nation's agricultural lenders. The magazine is mailed free to farmers, ranchers, and livestock producers who make a minimum of $250,000 annually. Its first issue went to 45,000 such farmers; another 15,000 copies were sent to others.

Something for the weekend

Another development in print media is the appearance of magazines for small farms and weekend farmers, some of them with very special approaches to farming. *New Farm*, published by Rodale Press, of *Prevention* magazine fame, specializes in features on organic farming, although it is not always so exotic. A recent issue contained a long article on how to get the best deal for an old farm. *Country Journal*, published in Vermont, is, as its title implies, a homey approach to farming, with articles on quilting, small-farm operations, even how to use a hammer.

A Steiger Panther tractor dwarfs onlookers at a New York State show.

ers they represent that their franchise will last; there has to be a continuity of the contract, more so than there is now." He is also sharply critical of manufacturers that insist that their dealers attend training courses to improve their performance. "They'll announce a program," he says, "and expect the dealers to be there—and expect them to pay the fees themselves. But when companies have their own dealers, not independents, they foot the bill for them."

Whoever pays for it, dealers will have to stay on their toes if they're to keep up with today's farmers, who show a zest for doing things in new ways. Some examples:

♦ In Ohio, hog farmers can market their product via the computer. The new program, called Hog Accelerated Marketing System (HAMS), works like this: Farmers have computer terminals on their farms or use one at a central marketing point linked by telephone lines to a minicomputer at Ohio State Univ. in Columbus. Also linked to the main computer via terminals are 18 Producers' Livestock Assn. buying points. When a farmer wants to sell hogs, he feeds the data (the number of animals, their weight, grades, etc.) into his terminal and packers then bid on what they want to buy. The main computer, notes a report in *Successful Farming* magazine, serves as "auctioneer, accountant, telephone line manager, and market news reporter." Although farmers pay $1.20–$1.60 per hog sold to finance HAMS, both their marketing costs and the packers' are down.

♦ In Kentucky, 200 farmers are linked to a computer at the Univ. of Kentucky by tele-

More so than ever, farmers have lots to read while waiting for the harvest.

Meanwhile, the farm media's newspaper segment reported an historic event last month—the sale of *Grit*, a 99-year-old weekly long popular with farmers. Grit Publishing Co. president Andrew W. Stabler Jr. acknowledges that rising postal rates, distribution costs, and especially a one-third falloff in its 1.2 million subscription base, were behind the sale. The new owner, Advo-Systems, Inc., a Hartford, CT, direct mail advertising company, will use its mailing lists and "computerization" to regain the lost readers.

The broadcast segment is relying on results of a "long-term" all-media study being conducted by Doane Agricultural Service, ironically a St. Louis publisher of farm magazines, to help boost its appeal to advertisers. Radio and TV stations support the project, more so than the print segment. Also, Arbitron, New York City, is measuring nine important farm radio markets and at least one TV market, Des Moines. Another project that could well help the broadcasters is Katz Agency's current study of how well farm radio performs.

As farmers become more astute buyers, the ads directed at them are upgraded accordingly. Although many still show a lush field in four colors, bursting with ready-to-be-picked produce, the photo usually is surrounded with charts depicting the product's field tests results and cost per acre. The National Agri-Marketing Assn., Prairie Village, KS, which stages frequent seminars and workshops for those who sell to farmers, each year gives its own "Academy Awards" for the best ad and overall marketing campaigns. In giving the awards, the association acknowledges not only the creativity of ads but, more important, which ones really sold the product.

phone and home TV sets. They dial the computer and receive information on what crops to plant and when, the latest weather reports, commodity prices, and agricultural reports, some of it updated every 15 minutes. The American Farm Bureau Federation is to decide on expanding the Kentucky program by adding to it farmers in Ohio, Illinois, California, Arkansas, and South Carolina, and there is talk of taking it national by 1982. If that happens, a number of national mail-order firms will feed their catalogues into the program.

♦ Further down the road are widespread use of hi-tech methods and products, including genetic engineering of crops to produce "super species" of wheat, corn, and the like, and new advances in pesticides. Also, within 20 years, some say, robots will run farm equipment and some machines will run themselves. "Try to envision one huge machine running in a field of wheat, precision planting a second crop at the same time as it is harvesting," says Robert Tweedy, manager for strategic business planning at Allis-Chalmers. "It would have high productivity and would reduce unit production costs to a fraction of present expenses." At its heart is a computer controlled from a central point. (Tweedy isn't saying whether his company has such a product under development.)

Marketers are cashing in on such sophistication in a number of ways, however. Swine breeders reportedly were not shocked when Monsanto Co. introduced a line of boars a few years ago, a major innovation for a company that had been selling herbicides and fertilizer for decades. Acceptance of the boars was so good, in fact, that Ralston Purina, DeKalb AgResearch, and Babcock Industries, not one of which had previously sold livestock, soon followed with their own boars.

Monsanto is now test marketing, in South Dakota and Missouri, what it calls Magnum bulls. The company freely admits that by selling breeders superior hogs and bulls, it expects to increase sales of its traditional products because better-bred animals produce better offspring. Monsanto's marketing program is meticulous in other respects, too. Dealer showrooms are carpeted, coffee is served, audiovisuals abound, and then the customer is shown the livestock on the other side of a picture window.

Photo by David Eisenlohr

A boy and his best four-footed friend pose at a recent Orange County (CA) Fair, where the cow was entered in competition for a ribbon. Marketers still consider the 2,500 state and county fairs held each year as important for sales and for goodwill.

Similarly, Smith/Kline finds that farmers are willing participants in new selling techniques. Tests of its TeleSession Word of Mouth Marketing, using conference telephone calls, went over well, and the program is credited with continuing high sales of the product involved: Stafac, an antibiotic to improve animal health and breeding. The company's animal Health products division suggested TeleSession to key customers and prospects who were animal producers. It had discovered that the sales force was adequately covering the nation's animal feed industry, but mostly ignoring the producers, especially large-volume ones who account for 70% of this segment's total production.

Subsequently, individual panels of Stafac users and potential users were assembled for the conference calls, the typical panel having two to three experienced users. Dissatisfied users were not excluded, the company claims. In charge of each panel was a Smith/Kline employee, who kept the conversation on target and who would later provide the sales force with the names of potential customers most likely to buy or who needed technical data. Roger C. Crum, director of operations, U.S. and Canada, at the Smith/Kline division, could monitor the calls but did not participate.

Crum is pleased with the results. Says he, "The amount of information conveyed is aided by the credibility of its coming from a peer group. The interactive conversation will cover many more points than a sales call and, because the participants are confined to the phone and focussed on the subject of your selection, there is much higher retention of key points. Phone contacts with 404 of the participants found that our market share among this group had more than doubled."

Also changing is the axiom, near and dear to many an agrimarketer's heart, that a farmer can always be counted on to buy the brand his father did, a change nowhere more evident than in the $4 billion market for tractors. In the first six months of 1980, more than half of all the tractors sold in this country were made somewhere else. For 40-hp models and under, they were almost certainly made in Japan; Japanese com-

panies like Yanmar Diesel Engine Co. and Kubota Tractor Corp. have almost no competition in this slice of the market. In the 40–80-hp segment, West German and U.K. brands predominate. U.S. firms own only the 100-hp-and-above segment.

Farmers' interest in the foreign models increased sharply in the mid-1970s (in 1975, imports were worth just 20% of total U.S. sales), when U.S. companies virtually stopped making smaller units here to focus instead on larger ones. The idea was that bigger tractors get the job done more efficiently on America's farms, which are among the biggest anywhere. Also, big machines are more profitable to sell. Thus foreigners found a friendly reception, especially among small and part-time farmers and larger farmers who need small units for specific jobs.

Because of the size of the U.S. farms, however, big machines will continue to make up the primary market in this country. Many industry analysts are convinced that the foreigners, especially the Japanese, will go after this market, too. U.S. manufacturers say they're not worried, possibly because they have more pressing problems. Last year's drop in demand hurt most of them, in the case of International Harvester and Massey, very severely (International Harvester recently cut the salaries of top managers 20%). Nevertheless, a report in the Los Angeles *Times* notes, German-owned Deutz Corp., a marketer of small tractors, has added two 100-hp models, and Japan's Kubota and Janmar will introduce 80-hp-and-up units soon. If farmers continue to abandon the old ways, and if they get the bumper profits that 1981 promises them, the invaders could end up teaching the natives another lesson in marketing.

Note: Checked at presstime, it still hadn't rained in Maynard, MI.

JAUNDICED EYE

The day Sam was sold on science

Ever since the advent of scientific management as practiced by the American Management Assn. and the Harvard Business School, executive appraisals have become a standard responsibility of top management. After all, letting a subordinate know where he stands is not just humane, it's good business.

Considering themselves more artists than scientists, sales managers were probably the last executive echelon to be brought into the routine of formal evaluation procedures. While the sales managers themselves were reviewed by the big boss, it took a lot of prodding to get them to schedule regular appraisals for their sales staffs. The movement got off to a bad start, as a salesperson friend of mine can testify. One day he suddenly found himself being "appraised" by the sales manager of the garment company for which he had worked for 10 years. We'll call him George Gogetter; his boss is Sam Shortsight.

"George," said Sam after he closed the door to his office, "as you know, we've got this newfangled plan here to sit down and go over each salesperson's performance. You're going to hear the good and the bad from me and I'll be as frank as I can, O.K.?"

"Fine with me. I'm always anxious to improve. Shoot!"

"That word might be more appropriate than you think, George. But first let me tell you I've never seen a better salesperson. The customers love you. You don't ask the factory to deliver the impossible, and you get full price on all your lines. Personally, I'm amazed how well you cover the size territory you have, and still give customers the kind of service we like to brag about."

"Thanks, Sam," George blushed with pride.

"That's not all," the sales manager continued. "You have the smallest expense account in the whole company. You seem to be able to get the customers to entertain you more than you entertain them. I don't know how you do it, but we sure aren't complaining."

"Thanks, Sam," the salesperson blushed deeper.

"As you know, George, we changed you from salary to straight commission a year ago. It seemed sensible at the time, but after reviewing your sales it's obvious to me it hasn't worked out. So, George, it's with regret that we're going to put you back on salary."

"Hey! I like the commission setup," George squealed like a stuck pig.

"I know you do, George, but I don't!" Sam yelled back, red-faced.

"Why?" demanded George.

"Because you made more money than I did!"

George got a job the next day with a competitor—on straight commission.

By Jim Lavenson

A NEW S&MM SERIES

Industries to watch

Instant information

Mead Data lays it

By THAYER C. TAYLOR
Senior Editor/Management Sciences

Before making a sales call on the head of a Fortune 1000 company recently, Jerome S. Rubin went to his desk-top terminal, called up a data base of newspaper and magazine articles, and scanned what had been written about the company and its president in the last several months. "I went in sounding like an expert," Rubin recalls, "and the ice was quickly broken."

"Gossip selling" isn't necessarily touted as the wave of the future by the 55 year-old Rubin, president of Mead Data Central (MDC), New York City, which aims to make it big in the booming on-line data-base service industry. But he thinks his Nexis data base of published articles fills a need as marketing executives and salespeople try to learn more about competitors, prospects, and customers.

Like others in mature industries that are challenged by new technologies, MDC's parent company, paper-maker Mead Corp. (1980 sales $2.7 bil.), is keenly aware of the impact electronic libraries will have on its basic products. "Our involvement with digital technology gives us a window on the future," says Mead Corp. chairman James W. McSwiney, "for developing new services, markets and products, as well as acquiring knowledge for positioning our traditional products in tomorrow's marketplace."

In picking its "window," Mead Corp. chose an industry with glowing prospects. A recent report on on-line data-base services by Creative Strategies International, San Jose, CA, a research firm specializing in hi-tech industries, forecasts that revenues will balloon from $632 million in 1980 to $2.99 billion by 1985, or an annual compound growth rate of 38%. A slower growth rate, but higher industry totals, are projected by Input, Palo Alto, CA, a technology-oriented research firm, which sees revenues rising 24% a year, from $1.2 billion in 1979 to $4.3 billion in 1985.

Significantly, Input predicts much faster growth for the two market niches in which Mead is positioned. Denis Hoye, marketing manager, says the legal-accounting sector is expected to increase 30% a year; news 34% (see accompanying chart).

Mead entered the data services sweepstakes in 1973 when it created Lexis, an on-line legal-research service that gives the user, via CRT keyboard, instant access to the full text of court decisions, laws of 50 states, and rulings by such agencies as the Internal Revenue Service and the Securities & Exchange Commission. With only one major competitor, Westlaw, of Western Publishing, Bartlesville, OK, Rubin figures he has "90%–95% of that market wrapped up."

A year ago, Rubin expanded his sales sights and launched Nexis, a computerized news research service that carries information from three wire services (AP, UPI, and Reuters), and such publications as *Newsweek*, the Washington *Post*, the *Economist*, *U.S. News & World Report*, *Dun's Review*, and *Christian Science Monitor*. Lined up for the future: *Japan Economic Journal*, two Japanese news services, *Latin American Newsletter*, and *American Banker*. One publication Rubin is trying hard to sign up is the Los Angeles *Times*.*

Last month, Rubin scored a sales coup when he convinced McGraw-Hill to put all 31 of its business magazines on Nexis. *Business Week* and *Aviation Week* are carried in abstract form on the New York Times Information Bank, says Eric B. Herr, vice president, planning and development, McGraw-Hill Publications, but Nexis marks the first time all of the magazines will be available in full-text on a data base. One reason McGraw-Hill made the move, Herr says, is to learn how the company can use Nexis in its own operations.

Compared to Lexis's dearth of competition, Nexis is up against some heavyweights. In particular, the New York Times Information Bank, an abstract service comprising the *Times* and 70 other publications; and Dow Jones & Co.'s news retrieval service, which contains condensed versions of articles from the *Wall Street Journal*, *Barron's*, and Dow Jones news wire and stock quotes. Carl M. Valenti, Dow Jones's vice president, information services, claims "we are a leader in revenues and number of customers."

Neither the *Times* nor Dow

**The names Lexis and Nexis are derived from the Latin "lex" (law) and "nexus" (connection).*

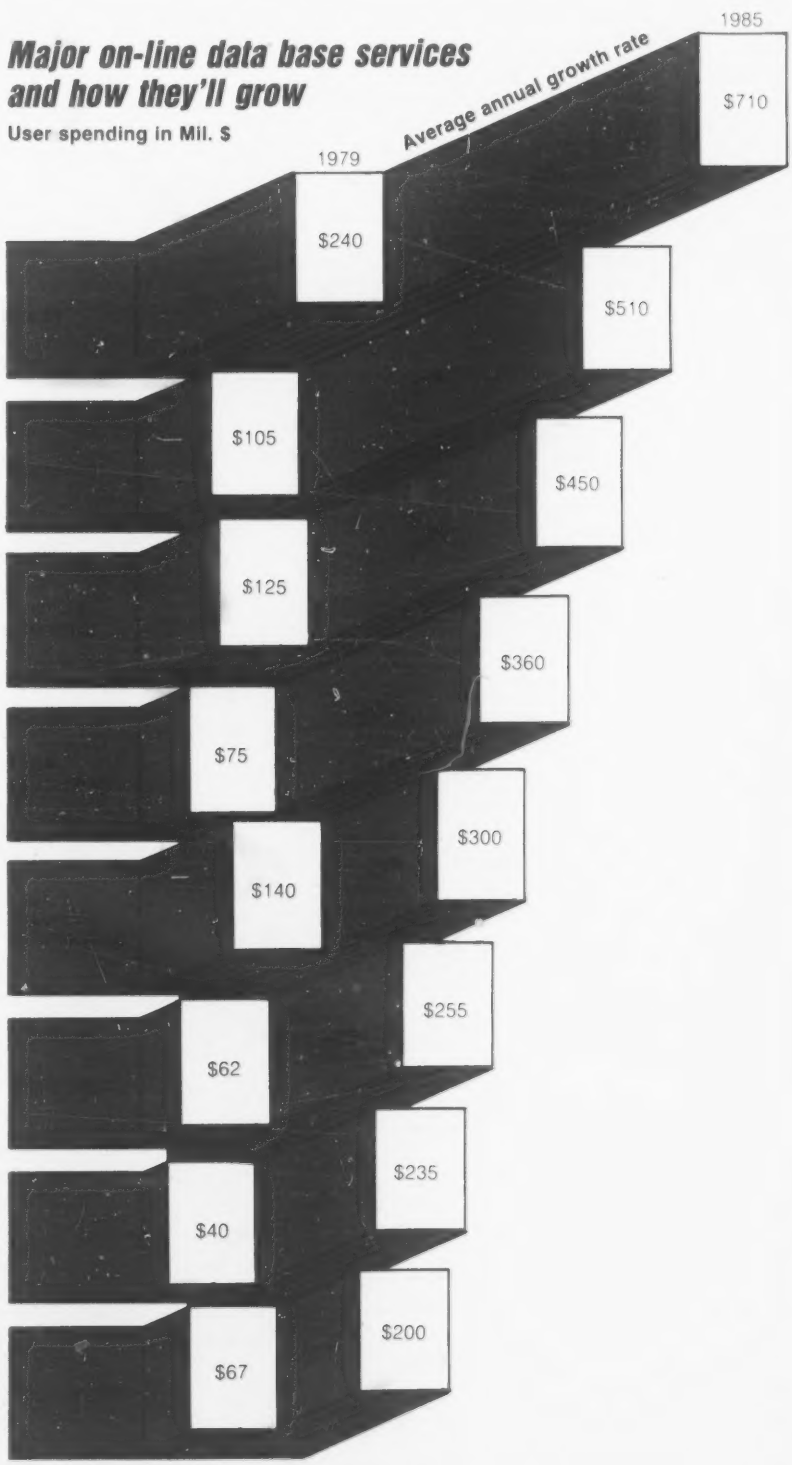
on the line

Jones, for obvious reasons, will sign up with Nexis. However, Rubin feels he has the following selling points to offset the two holdouts:

♦ **Full text vs. abstracts.** "Lexis proves the advantage of providing the full text rather than abstracts," he claims. "In an abstract service, which relies on an index, someone else makes a judgment on what is important, which may not agree with the user's interests." Full-text is a recent innovation in the on-line data-base market, and it is still not clear how well it will do against the more familiar abstract approach. Says Tom Dexel, marketing vice president at Creative Strategies: "Although full-text is well received in the legal community, the customer base for general news-retrieval services is still in question. But if full-text becomes acceptable, on-line data-base services will count their customers in the millions instead of the thousands."

♦ **"User-friendly" software.** From the start, Mead Data shrewdly realized that software, not hardware, is the key to data-base selling. It developed sophisticated programming that lets the customer carry out a dialogue with the computer, using everyday words and phrases to turn up the desired published material.

♦ **Integrated marketing.** Andy McCruden, senior research associate at Link, New York City, a research company specializing in the new electronic media, points out that "Mead is one of the few compa-



Source: Input, *Market Opportunities for Data Base Services*. Reprinted by permission of Sales & Marketing Management.

nies in the information business that's trying to integrate as fully as possible, from data sources to end users. The service is sold by Mead Data salespeople, and the user accesses the data base through a Mead terminal that relies on Mead software. Thus Mead controls the network, hardware, and software and simply pays the information providers a royalty." The fee? Other sources say it is 20%–25%.

Rubin won't disclose sales figures but admits "business was up 40% in 1980, slightly faster than we've been growing in recent years." S&MM estimates that Mead Data's 1980 revenues topped $40 million.

Sales force expansion underscores Rubin's confidence in Nexis. He increased his sales force from 18 to 25 last year, and expects to add 7 more people this year. Salespeople specialize in one service or the other, he says, "so they can be more knowledgeable about their product and the business they're selling to." The initial sales thrust for Nexis focusses on selling it as an add-on to the Lexis customer base, which, he says, "includes every legal and accounting firm worth doing business with." Currently, Rubin is concentrating on government agencies and corporations with sizable planning, government relations, public affairs, or marketing departments.

It took Lexis four years to get into the black, but Rubin feels Nexis will turn the trick in less time. He's banking on what Input's Hoye calls "the insatiable appetite for organized information by businesses, government, and other organizations that find it more cost-effective to use outside data bases rather than collect the information internally."

Selling Nexis will be more difficult than introducing Lexis. "Direct mail was highly successful with Lexis," Rubin recalls, "because we knew who our target was, but it's not so easy to pinpoint the Nexis target." Thus he's relying mostly on the sales force making cold calls to spread the Nexis name.

Mead Data's Rubin must sell clients on electronic libraries.

The product they sell isn't cheap. Subscribers pay a $350 installation charge, $75 for instructions, plus monthly fees of $95 for the terminal and $150 for a high-speed printer (optional). Then there is a connect charge of $1.00–$1.50 per minute to call up data in the company's $8 million computer complex.

Although the consumer market is widely regarded as where the big payoff will be in the on-line data-base industry, Rubin says he doesn't see Mead entering it in the foreseeable future. "We're watching it closely, of course," he adds, "but we think it will be a long time before anyone makes a buck from it. The reason why you see so much activity by others is because everyone's afraid of being left at the station when the train pulls out."

If Rubin is lukewarm on the in-home market, others are hot. Dow Jones is experimenting on several different tacks, including the proposed purchase of UA-Columbia Cablevision in a joint bid with Knight-Ridder. Dow Jones's Valenti told Paine Webber's recent annual media industry outlook seminar: "If we make conservative assumptions that data bases will penetrate 1% of all households by 1985, and the average bill will be $20 a month, we can anticipate annual revenues of about $200 million for information retrieval. A modest 5% penetration in 1990 would (produce) a revenue potential of about $1 billion."

However, Valenti stresses that "the driving force will not be the consumer's need for better methods of receiving news. It will be the value-added entertainment, educational, and household managerial services. It is also important to build a data base that offers diversified interactive services, including transactional services and interpersonal messages."

As the on-line data-base industry nears the billion-dollar level, Rubin may find it harder to gain market share. The Creative Strategies report counted over 450 on-line data bases with "new ones appearing monthly." The Input report notes that "major vendors, including IBM, Xerox, ITT, AT&T, and GTE, are positioning themselves to participate."

The faster the electronic library concept spreads in the home and in the office, the sooner will the providers of printed information begin to wonder if the losses in readers outpace the gain in revenues from data-base distributors such as Mead. Such concern probably prompted the *Reader's Digest* to lay out a reported $3 million to acquire a 51% interest in The Source, an in-home information network, and spurred McGraw-Hill to buy Data Resources, Inc.

McGraw-Hill's Herr doesn't see the problem developing in the near future. He says that internal tests among company customers exposed to both data bases and magazines did not show any falloff in readership. As long as publishers continue to feel that way, Rubin and his competitors can rest easy.

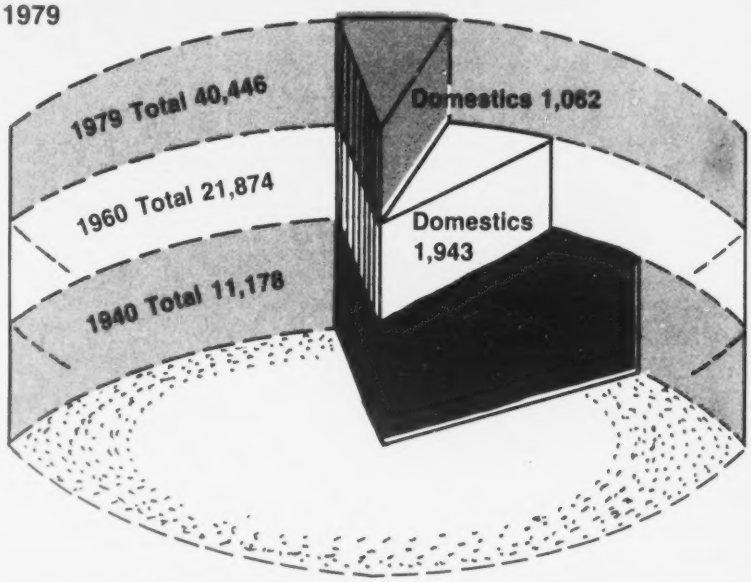
S&MM MARKETGRAPH

Household domestics may be ready for a comeback

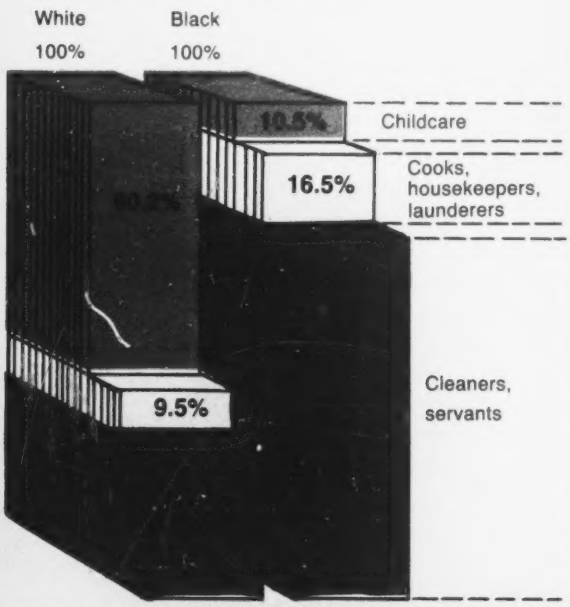
Many women who immigrated to the U.S. in the nineteenth century looked on jobs in private households as the start of a new life. More than half of all employed women in the post–Civil War years toiled in homes as housekeepers, cooks, laundresses, and maids. Today, such work is probably at the bottom of the list when a young woman starts her job search, and domestics total little more than one million, vs. almost 2 million in 1960. Most are consigned to the role by inadequate education, old age, and lack of job skills. However, economist Allyson Grossman of the Bureau of Labor Statistics says the long-term decline may be reversed. She reasons that the increase in women working away from the home will create demand for household domestics, many in a cleaning company's uniform.

From 20.4% in 1940 to 2.6% in 1979

Employed women (000)

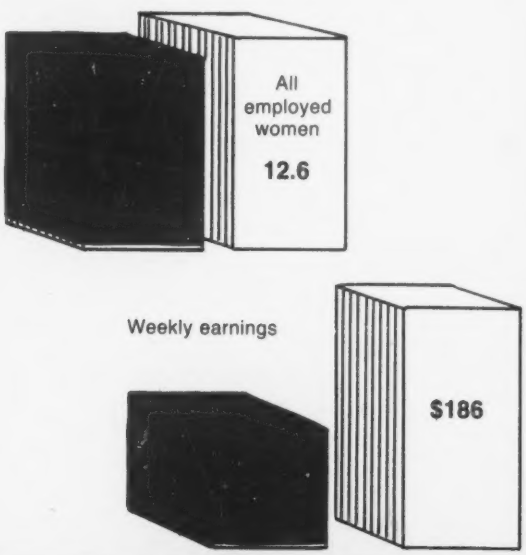


Sharp distinctions by race



Where lack of education hurts

Median school years completed



Source: Bureau of Labor Statistics, *Woman in Domestic Work: Yesterday and Today*, Special Labor Force Report 242.

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AN S&MM SPECIAL SECTION

Getting ahead with incentives

AN EXCLUSIVE S&MM SURVEY

Inspiration at the right price

By SALLY SCANLON
Senior Editor

There's no mystery to why nearly two-thirds of the sales executives who responded to a recent S&MM survey plan to offer merchandise, travel, and cash incentives to their sales organizations this year. Two comments from respondents sum up the prevailing attitude:

- "Incentives stimulate greater concentration of effort in a down market."
- "The payback is there."

In a year full of uncertainties about interest rates, energy costs, and federal spending, these executives regard incentives as sure-fire stimulants to greater sales effort. Thus nearly 37% of those who use incentives plan *to increase the number* of incentive programs they offer this year compared with 1980, while one in four incentive users *will increase his 1981 incentive budget* 20% or more above last year's levels.

Those are some of the highlights of S&MM's exclusive 1981 survey on incentive usage. The survey, mailed to 1,000 S&MM subscribers in January, explored why they will—or will not—use incentive programs this year. It also asked about their incentive budgets, their awards, how they evaluate the effectiveness of their programs, to whom they offer incentives, and whether they use sales-force recognition programs. The statistics quoted in this article and the accompanying tables are based on 219 replies received by the cutoff date.

The most striking finding of the survey is that sales executives apparently are becoming more astute about incentive usage. Last year, for example, 15% of those who responded to S&MM's survey reported that they "do not formally evaluate" their programs. That has dropped to 7% this year, probably reflecting, in part, the tougher business climate, which makes just-for-fun programs more difficult to justify.

Although unit and dollar sales growth remain the most popular methods of evaluating a program's success, 27% of the respondents also measure changes in market share, compared with 19% a year ago. Moreover, 60% of incentive users measure the effectiveness of their program in two or more ways. For example, one respondent ranks his measurement factors in the following order of importance:

- dollar growth
- unit sales growth
- market share change
- salespeople's reactions to the program.

"This will be first year we are shifting from dollars to units," writes another executive. "With high inflation, dollars no longer indicate true growth."

User comments about their budgets also reveal a growing sophistication. "We're using incentives in lieu of several meetings to promote sales of particular product lines at specific times," says one marketer who

a Survey results: The totals

(Base: 219 replies)*

1. Will your company or division offer merchandise, travel, cash, or other incentives that are not a part of your regular compensation program to your own or to outside salespeople this year?

Yes	65.3%
No	34.7

2. Does your company or division have a formal recognition program for top salespeople, such as a president's club or salesman of the year award?

Yes	47.5%
No	49.8

3. Your line of business?

Industrial	59.4%
Consumer goods	30.1
Distribution	14.2
Services	3.2

4. Your annual sales?

$10 million or less	25.1%
$11–$25 million	16.9
$26–$50 million	18.3
$51–$100 million	9.6
$101–$500 million	18.7
$501 million or over	7.3

*Percentages may total more or less than 100 because of multiple answers and no answers.

b Incentive users and their plans for 1981

(Base: 143 replies)*

1. Do you plan to increase or decrease the number of merchandise, travel, or cash incentives programs you offer this year compared with the number offered last year?

Increase	37.1%
Stay the same	51.7
Decrease	11.2

2. What is your approximate 1981 budget for special incentive programs?

$4,999 or less	10.5%
$5,000–$9,999	10.5
$10,000–$24,999	17.1
$25,000–$49,999	18.1
$50,000–$99,999	10.5
$100,000–$249,999	15.2
$250,000–$499,999	4.8
$500,000–$1,999,999	1.0
$2 million or more	2.9
Other**	9.5

3. How does your 1981 budget for special incentive programs compare with the 1980 budget?

Total increases	46.9%
Up 9% or less	9.1
Up 10%–19%	11.9
Up 20% or more	25.9
Stays the same	39.9
Decreases	8.4

4. To whom will you offer your special incentive programs?

Own field salespeople	78.3%
Field sales managers	37.8
Distributor salespeople	26.6
Reps, brokers, or other outside agents	18.2
Own inside salespeople	15.4
Other	9.1

5. What awards will you give?

Merchandise	49.7%
Travel	46.9
Cash	57.3
Noncash only	36.4
Cash only	23.1
Cash plus noncash	32.2

6. How do you evaluate the effectiveness of your special incentive programs?

Measure unit sales growth	58.7%
Measure dollar growth	52.4
Measure participation	28.0
Measure change in market share	26.6
Poll salespeople for their reactions	12.6
Do not formally evaluate	7.0

7. Does your company or division have a formal recognition program for top salespeople?

Yes	61.5%
No	35.7%

8. Your line of business?

Industrial	51.7%
Consumer goods	35.7
Distribution	16.1
Services	4.2

9. Your annual sales?

$10 million or less	18.9%
$11–$25 million	14.0
$26–$50 million	21.0
$51–$100 million	11.2
$101–$500 million	23.1
$501 million or more	7.7

*Percentages may total more or less than 100 because of multiple answers and no answers.
**Percentage of sales; specific dollar-value for each award; etc.

c Non-users and their future incentive plans

(Base: 76 replies)*

1. Why won't you use merchandise, travel, or special cash incentives this year?

Against company policy	38.2%
Too costly	22.4
Tried them and they didn't accomplish our objectives	11.8
We feel they are unfair	6.6
Other**	28.9

2. Has your company or division used any merchandise, travel, or special cash incentives within the past three years?

Yes	21.0%
No	65.8

3. Do you plan to offer such incentives next year?

Yes	11.8%
No	63.2
Maybe	11.8

4. Does your company or division have a formal recognition program for top salespeople?

Yes	21.1%
No	76.3

5. Your line of business?

Industrial	73.7%
Consumer goods	19.7
Distribution	10.5
Services	1.3

6. Your annual sales?

$10 million or less	36.8%
$11–$25 million	22.4
$26–$50 million	13.2
$51–$100 million	6.6
$101–$500 million	10.5
$501 million or over	6.6

*Percentages may total more or less than 100 because of multiple answers and no answers.
** Feel that commissions or bonuses are adequate; sales force too small; "not appropriate to our business."

AN S&MM SPECIAL SECTION

Getting ahead with incentives

plans to increase the number of incentive programs he offers this year. Another who is increasing his incentive activity notes that, "We're putting increased emphasis on short-term sales because of the more competitive environment." Incentives are a key part of his strategy.

Others say they are increasing the number of incentive programs they will offer this year to spur their sales organizations to do such things as the following:

- ♦ increase sales of special products or specific product groups
- ♦ open new accounts
- ♦ get more attention from distributors
- ♦ improve market share
- ♦ enhance market penetration techniques.

Sales executives who plan to run the same number of contests this year as last also have specific reasons for doing so. "Incentive programs are effective only in limited product lines, in which short-term (one year or less) results can be achieved and measured," writes an executive who is maintaining his activity at 1980 levels. Another explains, "We use a three-year promotion cycle. The first year we have a large-scale promotion. The second and third years we have medium-scale promotions. This is the third year."

By far, the chief reason given for maintaining 1980's level of activity, however, is that it was adequate to do the job. "I believe we already have a proper balance and mix," one marketer comments. Says another, "The level of activity doesn't have to change."

While 37% of incentive users will increase the number of programs they offer this year, slightly over half (51.7%) plan to run the same number as they did last year, and 11.2% will decrease their activity. Most of the cuts are a result of budget dips and concern about rising costs. But some marketers are transferring a portion of their promotion dollars into commissions and bonuses.

Incentive budgets have not been increased or decreased in direct ratio to the number of programs a company is offering. Thus 24% of those who plan to offer the same number of programs this year as last are increasing their budgets, half of them by 10% or more. In comparison, 90.6% of those who are increasing their incentive activity are also increasing their budgets, with 64.2% of them boosting their budgets by 20% or more. Although 11% of all users plan to cut the number of programs they offer this year, only 8% (or about two-thirds) have cut their budgets. The others will maintain budgets at 1980 levels.

Company policy is the most common factor cited as a barrier to incentive usage among those who do not plan to offer incentives this year. But mounting inflation and rising selling costs evidently are also problems. Fully 22% of the non-users, vs. only 14% last year, will not offer incentives because they are "too costly." Other reasons given for not using them include: "Not appropriate to our business," "sales force too small," "have a bonus [or commission] program," and

Where the dollars go

Incentive spending continues to climb* . . .

	1981**	1980	1979	1978	1977
Merchandise ($ Mil.)	$1,814.1	1,558.5	$1,392.7	$1,213.6	$1,033.9
Travel ($ Mil.)	490.8	440.6	411.4	361.3	291.4
Total ($ Mil.)	**2,304.9**	**1,999.1**	**1,804.1**	**1,574.9**	**1,325.3**

. . . as marketers try to hold the line on costs

Average unit cost of merchandise and travel awards

	1981	1980	1979	1978	1977
Merchandise	N.A.	$ 276	$ 277	$237	$ 150
Travel***	N.A.	1,450	1,208	931	1,071

*Excludes program promotion costs and the cost of cash and recognition awards.
**Estimate.
***Per couple.
N.A.—Not available
Source: *Incentive Marketing*, January 1981 and October 1980; *Incentive Marketing Facts*, December 1979, 1978.

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in one case, "complete apathy on the part of top management."

One marketer explains, "We use trade promotions suggested by our reps and tailored for their particular territories so as to get their best cooperation. Our business is growing steadily." Says another, "All the sales personnel are owners of the company. An incentive program does not interest us at present."

Nearly 12% of the non-users, however, plan to offer incentives next year. A like percentage wrote that they may do so.

Merchandise and cash remain the most popular awards among the survey respondents. Almost 50% use merchandise and 57% use cash. That's off slightly from last year's percentages of 53% and 60% respectively. In contrast, travel has grown more popular. Nearly 47% of the executives now offer it as a prize, compared with 42% last year.

About one-third of marketers (32%) offer a combination of cash and noncash awards to inspire their sales forces to greater achievement. That percentage is exactly the same as last year. Fewer executives plan to give only cash prizes, 23% this year vs. 30% in 1980. To many industry observers, that is another sign of increased sophistication about incentive usage. The reason: Most marketers consider merchandise and travel more memorable than cash. Also, unlike those awards, they can't buy cash at a discount.

The most frequent beneficiaries of the incentives offered by S&MM survey respondents are the company's direct sales organizations. In fact, nearly 60% offer programs *only* to their own salespeople or field sales managers. Seventeen percent offer programs only to outside agents (distributors, reps, brokers, and so on), while 24% have incentive programs for both their own salespeople and outside sales organizations. Some companies also offer incentives to service people, to retail salespeople, or to customers.

In general, marketers who have programs only for their outside sales organizations tend to rely a bit more heavily on cash awards. Those who offer incentives to both their own and outside forces use significantly more merchandise (61.8%) and travel (55.9%) than the average figures for survey respondents, which are 49.7% and 46.9%, respectively.

The survey responses also suggest that a company's size and line of business influence the use of incentive programs. For example, 76.9% of companies with annual sales of $51 million or more use incentive programs. Only 49% of companies with sales of $10 million or less use them.

Consumer-goods marketers are more likely to use incentives than industrial companies, especially among smaller companies. Seventy-one percent of consumer-goods companies with annual sales of under $26 million use merchandise,

Incentives can be specific trip, cash, or merchandise awards or prize points that let winners choose from a catalogue like the one above.

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travel, and cash incentives. Only 39% of industrial companies that size use them. Among larger companies, however, 85% of consumer-goods marketers and 72% of industrial companies are incentive users.

Marketers of all types and sizes offer sales force recognition programs, but they are much more prevalent among companies that also offer incentive programs. Thus, 62% of incentive users, but only 22% of the non-users, offer formal recognition programs. The awards range from plaques, rings, trophies, watches, and pins to sports coats, attaché cases, special calling cards, cash, and dinners and trips with spouses. One company even gives extra insurance and car-allowance benefits to its recognition winners.

Recognition is generally reserved for the top-volume producers or quota-busters. A few companies, however, also recognize special achievements and sales-support activities. One marketer, who builds all those factors into an annual recognition program, evaluates salespeople by applying the following criteria:

Volume increase	25%
Daily reports	25
Contest standing	20
Collection record	10
Knowledge of business	10
Specific assignments	5
General attitude	5

All in all, sales executives seem satisfied with their incentive and recognition programs. As one respondent put it, "The right plan always works." S&MM